



October 15, 2008

Philip Guidice, Commissioner
Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

Re: Comments Addressing Section 105 of Chapter 169 of the Acts of 2008

Dear Commissioner Guidice:

I am writing on behalf of Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid ("National Grid") at the invitation of the Department of Energy Resources, ("DOER") to comment on Alternative Energy Portfolio Standard ("APS") issues raised by SECTION 32, Section 11F1/2 of Chapter 169 of the Acts of 2008 (the "Green Communities Act" or the "Act"). DOER invited comment on the five questions in particular related to the APS.

How should the Annual APS percentage rate be determined, and what should that rate be?

National Grid suggests that no explicit annual APS percentage rate be established initially, but that APS be considered part of the total requirement of twenty percent of electric load to be met by 2020 from new, renewable, and alternative energy generation, as required by section 116 (a) (2) of the Act. The eligible technologies and appropriate methods of evaluation for this resource category are not straightforward, and experience with emerging technologies will be necessary to make an evaluation of the potential APS contribution to the overall goal. [See response to the next questions for additional concerns].

What criteria should be required for any of the specified eligible technologies or fuels?

In contrast to the specific technologies listed for Class I and Class II RPS, the criteria listed for APS in Section 11F1/2 are open to considerable interpretation, and additional technologies may be approved in an administrative proceeding conducted by DOER. National Grid recommends that no specific percentage for APS be established initially, and that APS be considered part of the overall statutory goal of twenty percent, with a specific percentage contribution to be determined in the future.

National Grid also has some specific observations on the generation technologies included in this section. Carbon sequestration, energy storage (flywheel), and alternative fuels

would need to be evaluated based on the carbon dioxide and methane emissions associated with the overall fuel cycle for the advanced technology compared to emissions from comparable conventional technology to determine whether there is a net benefit. Another observation is that combined heat and power technologies, while efficient from the standpoint of fuel use and air emissions, are typically justified by the fuel cost savings alone, and should not require an APS payment.

What should the Alternative Compliance Payment (ACP) amount be for APS, and how should it be calculated?

An alternative compliance payment for APS should be related to the effectiveness of the technology in reducing carbon emissions, and on the cost differential between the alternative technology and conventional technologies. National Grid recommends that calculation of ACP for APS technologies be deferred until such point as DOER determines, with stakeholder input, that such technologies are viable, and there is adequate cost data to determine an appropriate ACP relative to that for the RPS requirements.

What criteria should be applied to emission performance standards and permanent CO2 sequestration standards as referenced in the Act?

The criteria to be applied to emission performance standards and CO2 sequestration standards should be determined from an ongoing evaluation of emerging technologies. National Grid considers it premature to specify such criteria at this time, however at a minimum such incremental resources should be consistent with the overarching regional green house gas and emission goals.

What specific means of monitoring and verification will be necessary for compliance with the APS regulation?

National Grid recommends that the monitoring and verification used with RPS, which uses the NEPOOL Generation Information System (GIS), be the model for monitoring and evaluation of the APS. With this process, verifiable certification is possible, which enables the system to work smoothly.

Very truly yours,

A handwritten signature in black ink, reading "Amy G. Rabinowitz". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Amy G. Rabinowitz